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South Africa, Republic of

Poultry and Products

Annual

2004

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Report Highlights:

Broiler production reached 808,000 tons in 2003 but a small decrease in production is foreseen for 2004. This is mainly due to increased import competition brought about by the strong SA rand. The exchange rate, currently about R6.68 to the Dollar after a 2002 average of R10.52 was recorded, is putting pressure on domestic prices, which is influencing expansion plans.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Summary

South Africa's broiler production in 2003 is estimated at 808,000 tons, 6.3% more than in 2002. A small decrease in production is expected for 2004 as imports increase due to the strong SA Rand. Total broiler meat imports reached about 50,000 tons in 2003. MRM (Mechanically Removed Meat) and offal imports amounted to about 75,000 tons for a total of 125,000 tons. In contrast total imports amounted to about 80,000 tons in 2002 and 64,000 tons in 2001. The following table contains the type of product imported over the past three years:

Metric tons	2001	2002	2003
Whole birds	2615	6953	8104
Boneless cuts	8473	5098	11489
Bone in cuts	6003	11737	30544
TOTAL MEAT	17091	23788	50137
MRM	33079	37130	47086
Meat + MRM	50170	60918	97223
Offal	13387	19516	28204
GRAND TOTAL	63557	80434	125427

Imports are currently still increasing but the anti-dumping duty on US bone in cuts is only due to be lifted in July 2005 when the US will again be able to compete. Brazil, China and Canada are currently the main suppliers.

US Dollar 1 = SA Rand 6.68 (08/31/04)

Poultry meat, Broiler

Commodity	Poultry, Meat, Broiler						
	1000 Metric ton	2003	Revised	2004	Estimate	2005	Forecast
Million head	USDA[Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]	
Market Year Begin	01/2003		01/2004		01/2005		
Inventory (Reference)	0	0	0	0	0	0	0
Slaughter (Reference)		612	0	610	0	614	
Beginning Stocks	0	0	0	0	0	0	0
Production	790	808	805	805	0	810	
Whole, Imports	5	8	5	10	0	10	
Parts, Imports	62	42	69	45	0	45	
Intra EC Imports	0	0	0	0	0	0	
Other Imports	0	0	0	0	0	0	
TOTAL Imports	67	50	74	55	0	55	
TOTAL SUPPLY	857	858	879	860	0	865	
Whole, Exports	0	2	0	2	0	2	
Parts, Exports	10	3	10	3	0	3	
Intra EC Exports	0	0	0	0	0	0	
Other Exports	0	0	0	0	0	0	
TOTAL Exports	10	5	10	5	0	5	
Human Consumption	847	853	869	855	0	860	
Other Use, Losses	0	0	0	0	0	0	
Total Dom. Consumption	847	853	869	855	0	860	
TOTAL Use	857	858	879	860	0	865	
Ending Stocks	0	0	0	0	0	0	
TOTAL DISTRIBUTION	857	858	879	860	0	865	
Calendar Yr. Imp. from U.S.	1	1	1	1	0	5	

Production

Broiler meat production in 2003 is estimated at 808,000 tons. This amounts to 612 million birds, or 11.8 million per week. Unit weight is taken at 1.32 kg. (without giblets). This is still 6.3% more than the estimated 760,000 tons, or 11.1 million per week produced in 2002. A small decrease in production is expected for 2004 as the strong SA Rand allows more competitive imports but this should turn around again in 2005.

It may be useful to look at carcass harvest again:

Cut	Percent of carcass	Weight, gram
2 Wings	8	153
2 Thighs	11	210
2 Breasts	29	554
2 Drumsticks	10	191
Back bone	11	210
Total Chicken Meat	69%	1,318 gram
1 Gizzard	2.5	48
1 Liver & heart	1.5	29
1 Neck	3.0	57
2 Feet	3.0	57
Total offal	10%	191 gram
Feathers, entrails and blood	21%	401
Total live weight	100%	1,910 gram

Annual slaughter for 2003 is taken as 612 million birds at 1.91 kg. live and 1.32 kg. carcass weight. That means,

Total live weight production was 1,169,000 tons,
 Chicken meat production amounted to 808,000 tons,
 Offal production amounted to 117,000 tons,
 And feathers, entrails and blood amounted to 245,000 tons.

Offal production included:

Gizzards 29,400 tons,
 Livers and hearts 17,750 tons,
 Necks 34,900 tons,
 Feet 34,900 tons,
 Total offal 116,950 tons.

While offal is obviously consumed in some way or another, we are more interested in the chicken meat production and consumption.

The imports controversy then surfaces; the following table compares the type of product imported over the past three years:

Metric tons	2001	2002	2003
Whole birds	2615	6953	8104
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Obviously whole birds and discernable cuts are the result of a conscious effort to produce young chicken meat, although some of the cuts could be from depleted breeders and layers. The total meat shown in the table above, 50,137 tons for 2003, should thus be taken as chicken meat imports.

Mechanically Removed Meat (MRM) is protein and fat extracted from chicken carcasses by a pressure process and the end result is a frozen paste. It is a by- and not a primary product. It is not sold in the retail market, cannot be consumed in its original form and is only used in the production of processed and canned meat products. It should thus be excluded from the chicken meat trade data in the PS&D.

Offal consists of feet, skins, liver, necks, hearts and stomach (heads not allowed). Liver and skins are used in processed meats, while some of the products are available in the retail market, but apparently the bulk of the imports consist of chicken feet. Again it is not a primary but a by-product and should be excluded from chicken meat imports.

Consumption

If only the poultry meat imports are added to production, and the small exports subtracted, domestic consumption amounted to about 853,000 tons in 2003 and is likely to reach about 855,000 in 2004.

To put the industry in perspective we can compare per capita consumption of the different meats as supplied by the Department of Agriculture.

Kg. per capita	Beef	Lamb	Pork	Red meat	Poultry
1998/99	13.42	3.8	3.0	20.22	21.14
1999/00	13.84	3.7	3.1	20.64	22.42
2000/01	12.58	3.4	2.6	18.58	21.82
2001/02	13.27	3.6	2.7	19.57	22.25
2002/03	13.40	3.7	2.7	19.80	23.10

Per capita poultry consumption first passed red meat consumption in 1998/99 and has since increased the gap. Lamb and pork per capita consumption is small, pork consumption is limited by religious custom while mutton production has decreased as a result of excessive stock theft.

The main reason for chicken meat's success is price, with whole broiler retail prices little more than half the price charged for beef as shown in the following table.

Rand/kg.	Sept.03	Oct.	Nov.	Dec.	Jan.04	Feb.	March	April	May
Topside*	30.32	30.03	30.39	31.13	32.26	31.93	32.15	31.28	32.56
Chicken**	17.18	17.05	17.26	17.87	17.85	17.73	17.91	18.21	18.01

* Topside, boneless beef

** Chicken, whole, dressed

Because of the recent volatility of the SA Rand monthly whole broiler prices has to be converted to US cents per pound for meaningful analysis.

Broiler prices Frozen, whole	SA Rand/kg	Exchange rate Rand per US \$	US Dollar/kg	US Dollar/pound
May 2003	17.78	7.67	2.32	1.05
June	17.84	7.90	2.26	1.03
July	17.05	7.55	2.53	1.03
August	17.16	7.39	2.32	1.06
September	17.18	7.33	2.34	1.07
October	17.05	6.96	2.45	1.11
November	17.26	6.73	2.56	1.17
December	17.87	6.52	2.74	1.25
January 2004	17.85	6.92	2.58	1.17
February	17.73	6.77	2.62	1.19
March	17.91	6.63	2.70	1.23
April	18.21	6.55	2.78	1.26
May	18.01	6.78	2.66	1.21
June	18.00	6.65	2.71	1.23

The annual local price increase in Rand terms amounted to 1.3% between May 2003 and 2004, showing that food price inflation is under control.

Trade

Poultry meat trade has been a controversial subject in South Africa with an anti dumping levy on some US chicken imports in force. Total imports of poultry meat and products reached 153,000 tons in 2003 compared to 94,000 tons in 2002, probably due to the strong SA Rand. The total imports include turkey and other poultry meat and products, with chicken meat and products at 125,427 tons. Forty percent of the 2003 chicken product imports, or about 50,000 tons, was chicken meat and 60%, about 75,000 tons, was products such as mechanically removed meat (MRM) and offal, aimed at the lower end of the market. From January to May 2004 imports shows another 15% increase compared to the same period in 2003. The following table shows total poultry meat and offal imports over the past three years.

Metric tons	2001	2002	2003
Brazil	36036	50607	80764
Canada	7697	15144	24394
UK	7333	6566	12403
China	7161	1077	9983
Australia	11340	8353	8774
United States	2586	3793	8470
Argentina	932	4678	3987
Belgium	25	99	1250
Israel	1962	612	1184
TOTAL	78302	93901	153007
Chicken only	63557	80434	125427
Turkey only	14745	13467	27580

The first category of imports is whole birds, which only constituted 6.5% of total chicken and product imports in 2003. From January to May 2004 imports increased by 72% compared to the same period the previous year but is still not a major factor. Average Customs reported landed price in 2003 was R4.83/kg. compared to R5.71 in 2002, the decrease probably mainly due to the exchange rate variation.

Imports	Chicken, Mt.	2001	2002	2003
# 0207.12	Whole frozen			
Tariff 27%	Brazil	1049	5264	6188
SADC free	Argentina	0	960	1675
	Australia	650	37	91
	Canada	24	50	54
	Others	892	642	96
	TOTAL	2615	6953	8104

The second category is mechanically recovered meat (MRM) used in the processing and canning industry. This is not a direct consumption product but a cheap meat substitute, which constituted 37.5% of chicken and chicken product imports in 2003. The average landed price was R2.44/kg. in 2004 compared to R2.36/kg. in 2002.

Imports	Chicken, Mt.	2001	2002	2003
# 0207.14.05	Boneless, excl.			
Tariff free	Cuts, (MRM)			
	Brazil	15512	18990	25563
	U.K.	6870	5617	10625
	Canada	4662	7051	4935
	Australia	3545	2589	2099
	U.S.	872	910	1326
	Belgium	0	50	1242
	Argentina	772	1621	551
	Others	846	302	745
	TOTAL	33079	37130	47086

Boneless cuts (mainly chicken breasts) are a high quality product also used in the food service industry. It formed about 9% of chicken imports in 2003 with a higher landed price, R8.18/kg. in 2003 compared to R12.47/kg. in 2002.

Imports	Chicken, mt.	2001	2002	2003
# 020714.10	Boneless cuts			
Tariff 5%	China	7048	1053	9813
SADC free	Brazil	1358	2450	1061
	Switzerland	0	0	425
	Thailand	24	1461	51
	Others	43	134	139
	TOTAL	8473	5098	11489

Chicken offal is a bigger category, about 22.5% of the total chicken and products imports, coming in at R2.41/kg. in 2003 and R2.47/kg. in 2002. It consists of feet, skins, liver, necks, hearts and stomach (heads not allowed). Apparently the bulk of the imports consist of chicken feet.

Imports	Chicken, mt.	2001	2002	2003
# 020714.20	Offal			
Tariff 27%	Brazil	10236	16369	22738
EU and SADC	U.S.	276	1048	1734
free	Australia	2012	1337	1663
	Argentina	112	456	953
	Canada	247	110	354
	Other	504	196	762
	TOTAL	13387	19516	28204

The following category, bone in cuts, include the chicken leg quarters which had the anti dumping duty against the US product instituted in 2000. It formed 24.4% of the 2003 imports, the US being replaced as a supplier by Brazil and Canada. The quoted 2003 landed price was R4.45/kg. compared to R4.88 in 2002.

The anti dumping duty is due to be lifted in July 2005 if no further application to extend the duty is lodged.

Imports	Chicken, mt.	2001	2002	2003
Tariff # 020714.90	Other, bone in cuts,			
Tariff 220c/kg	Brazil	1587	2198	15324
General & EU	Canada	780	5615	12353
SADC free	Australia	3401	2172	1875
	Argentina	47	1566	730
	Others	188	186	262
	TOTAL	6003	11737	30544

Exports are very small, less than one percent of production in 2003 and a little more than 1% previously. The strong Rand making exports unprofitable. The following table contains total exports, whole birds, cuts, MRM and offal.

Exports	mt.	2001	2002	2003
Tariff # 0207	Mozambique	5616	7257	2616
Poultry meat, offal	UAE	336	504	634
	Angola	419	337	212
	Ghana	1	80	161
	Congo, DRC	168	149	125
	Tanzania	126	124	78
	Nigeria	0	116	67
	St. Helena	1	41	53
	Total	7962	9486	4733

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	Total	7962	9486	4733

Imports

Country South Africa,
Commodity Poultry, Meat, Broiler

Time Period	Jan-Dec	Units:	Mt.
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Brazil	9912	Brazil	22573
China	1053	China	9813
Argentina	2526	Argentina	2405
Australia	2209	Australia	1966
Canada	5665	Canada	12407
Thailand	1461	Thailand	51
Total for Others	22826		49215
Others not Listed	962		922
Grand Total	23788		50137

Exports

Country South Africa,
Commodity Poultry, Meat, Broiler

Time Period	Jan -Dec	Units:	Mt.
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Mozambique	7257	Mozambique	2616
UAE	504	UAE	634
Angola	337	Angola	212
Ghana	80	Ghana	161
Congo, DRC	149	Congo, DRC	125
Tanzania	124	Tanzania	78
Nigeria	116	Nigeria	67
St. Helena	41	St. Helena	53
Total for Others	8608		3946
Others not Listed	878		787
Grand Total	9486		4733

Health

The South African veterinary services are currently busy containing an outbreak of bird flu under ostriches in the Eastern Cape. The area has been put under quarantine and all the birds in the affected area are being culled. The South African government has in the meantime curtailed all South African exports of poultry meat until the situation is resolved. Fortunately the outbreak is in an isolated area, 300 kms. from the closest big commercial poultry producers.

Poultry meat, Turkey

Commodity 1000 mt.	Poultry, Meat, Turkey		2004 [Old]	Estimate Post [New]	2005 USDA [Old]	Forecast Post [New]
	2003 USDA [Old]	Revised Post [New]				
Market Year Begin	01/2003		01/2004		01/2005	
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	4	4	5	5	0	5
Whole, Imports	1	2	1	2	0	3
Parts, Imports	14	25	14	23	0	22
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	15	27	15	25	0	25
TOTAL SUPPLY	19	31	20	30	0	30
Whole, Exports	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Consumption	19	31	20	30	0	30
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	19	31	20	30	0	30
TOTAL Use	19	31	20	30	0	30
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	19	31	20	30	0	30
Calendar Yr. Imp. from U.S.	2	5	2	5	0	5

Production

Domestic turkey production is still very small although a major producer has surfaced promising year round supplies. The market is, however, mainly based on the duty free imports. Whole bird imports nearly doubled to more than 2,000 tons in 2003, mainly as a result of the strong SA Rand. The US supplied 429 tons as shown in the following table.

Imports, Turkeys, whole birds, fresh and frozen

Tariff #	Metric tons	2001	2002	2003
Incl. 0207.24	Brazil	785	920	1335
0207.25	United States	277	17	429
Duty free	France	90	0	194
	Canada	86	93	73
	Israel	13	9	15
	Others	7	0	0
	Total	1258	1039	2046

Turkey cuts and edible offal imports also doubled to about 25,400 tons, with the US supplying 4,956 tons. Unfortunately the Customs data does not differentiate between the various products, and the assumption is that the bulk of the imports consist of MRM and offal. This is borne out by the fact that the average 2003 reported landed price for whole birds is about R12.65 while the average price for cuts and offal is R3.31/kg.

Tariff #020727	Metric tons	2001	2002	2003
Cuts and offal	Brazil	5508	4401	8554
	Canada	1899	2224	6574
	United States	1063	1744	4956
	Australia	1728	2401	2973
	U.K.	437	872	1700
	Israel	1860	596	389
	Ireland	44	33	123
	Argentina	0	49	77
	Dominica	0	0	25
	TOTAL	13359	12344	25399

Total turkey and product imports follow:

Imports

Country South Africa,
Commodity Poultry, Meat Turkey

Time Period	Jan -Dec	Units:	mt.
Imports for:	2002		2003
U.S.	1761	U.S.	5385
Others		Others	
Brazil	5321	Brazil	9889
Canada	2317	Canada	6647
Australia	2401	Australia	2973
Israel	605	Israel	404
UK	872	UK	1700
Total for Others	11516		21613
Others not Listed	1867		5832
Grand Total	13383		27445

Exports are very small and contain the whole spectrum of products.

Exports

Country South Africa

Commodity Poultry, Meat Turkey

Time Period	Jan -Dec	Units:	Mt.
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Mozambique	107	Mozambique	78
Angola	13	Angola	21
Nigeria	29	Nigeria	11
Congo, DRC	6	Congo, DRC	10
Total for Others	155		120
Others not Listed	25		9
Grand Total	180		129